Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Application by Verizon Virginia Inc., *et al.*	)	CC Docket No. 02-214
for Authorization to Provide In-Region,	)	
InterLATA Services in Virginia	)	

COMMENTS OF COVAD COMMUNICATIONS COMPANY

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Introduction

Covad Communications Company (Covad), by its attorneys, hereby respectfully submits its comments in opposition to the long distance application submitted by Verizon in the above-referenced docket. Verizon prematurely seeks authorization from the FCC to offer in-region, interLATA services in Virginia while substantial, competitively significant defects persist in several aspects of its application, including in the areas of access to loop qualification information, interconnection, unbundled loops, dark fiber, billing OSS, and UNE rates.

Covad is the leading nationwide provider of broadband connectivity using digital subscriber line (DSL) technology. Covad's nationwide facilities-based broadband network reaches nearly 45% of the nation's homes and businesses. Covad offers residential and business users a wide variety of innovative and competitively priced broadband services, and currently provides broadband connectivity to over a third of a million customers. Covad competes directly with the retail broadband offerings of Verizon and other Bell Operating Companies, providing vital innovation and price pressure on the Bells that has sparked widespread DSL deployment in the five years since Covad launched the first commercial DSL offering in the nation.

As a facilities-based provider, Covad relies on Verizon to provide unbundled transmission facilities (loops and interoffice transport) and the operations support systems (OSS) necessary to facilitate ordering and provisioning of such facilities. Covad is collocated in 63 central offices throughout Virginia, and from those central offices, Covad provides business and residential consumers innovative xDSL offerings, including the nation's lowest priced residential DSL offering, Telesurfer Link, which provides

broadband connectivity at or below the price of dial-up services. Covad also offers consumers and small and medium-sized businesses a competitively priced alternative to Verizon's high-priced T-1 services. In the face of these intense competitive pressures, Verizon has both the incentive and the ability to handicap Covad's pro-competitive offerings by denying, delaying, and degrading the UNEs that Verizon is required to provide. Given the current crisis in the telecommunications sector, consumers and competitive carriers need the Commission's honest and diligent evaluation of Verizon's compliance with its market-opening obligations now more than ever.

Covad's objections to Verizon's long distance application center on checklist items one, two, four and five. Verizon has failed to make available to competitors non-discriminatory access to the information needed for competitors to interconnect with Verizon's PARTS network facilities. Verizon's application fails to make the requisite *prima facie* case that Verizon provides competitors with non-discriminatory access to its OSS for loop make-up information. Moreover, as Covad's comments demonstrate, Verizon's OSS for providing loop makeup information to competitors is highly unreliable, and does not even contain all the loop makeup information available to Verizon's personnel. Verizon's policies for the provisioning of high capacity loop and line sharing UNEs arbitrarily discriminate against competitors, in violation of the Commission's UNE rules. Furthermore, Verizon's stated "no facilities" policy places wholesale customers on a different footing than its retail customers, rejecting competitors' orders for lack of facilities while Verizon's retail customers are allowed to obtain service. Verizon also fails to provide non-discriminatory access to its OSS for dark fiber. Verizon's billing OSS results in pervasive billing errors for competitors.

Moreover, Verizon fails to take adequate steps to correct these billing errors in a timely fashion. Finally, Verizon has not made the requisite showing that the rates it seeks to charge in Virginia comply with the Commission's TELRIC pricing rules.

The Commission must not allow Verizon to ignore the requirements of the competitive checklist in Section 271. Unless and until Verizon remedies the specific defects in its application discussed herein, the Commission must not grant Verizon's bid for Section 271 authorization.[1]

Non-Discriminatory Access to Information about PARTS rollout – Checklist Item 1

On August 9, 2002, Verizon filed a tariff with the Commission purporting to offer as an interstate telecommunications service access to its PARTS next-generation digital loop carrier systems for competitive LECs.[2] Covad is separately opposing Verizon's PARTS tariff filing as being in violation of sections 201 and 202 of the Communications Act.[3] Covad also submits that, because of Verizon's actions to date with respect to its PARTS rollout, Verizon has failed to meet its burden of showing that it provides

[1] On May 24, 2002, the United States Court of Appeals for the District of Columbia Circuit issued its decision in *USTA v. FCC*, 290 F.3d 415. In *USTA*, the court remanded to the Commission its *UNE Remand* and *Line Sharing* decisions, concluding that the Commission had not adequately explored certain factors in its implementation of section 251(c)(3) of the Act. The court's mandate must issue prior to the decision in *USTA* taking effect. As of the date of this filing (August 21, 2002), that mandate has not yet issued. Indeed, the parties to the *USTA* case, including the Commission itself, have sought further judicial review of the *USTA* decision, which most likely will further delay the issuance of the court's mandate. In short, although the Commission will continue its review of its current UNE rules in the Triennial Review proceeding, those UNE rules (including loops, linesharing, and OSS) remain in full legal force at this time, and were in force at the time the instant application was filed. As such, notwithstanding the *USTA* decision, Verizon must prove to the Commission that it is in full compliance with all of the Commission's UNE rules in order to satisfy its burden of proof pursuant to the competitive checklist of section 271 of the Act.

[2] *See* Verizon Tariff Transmittal No. 232, filed Aug. 9, 2002 (PARTS tariff). Verizon's tariff transmittal includes the addition of PARTS service provisions to its FCC-1 tariff, which covers Verizon's offering of interstate access services in Virginia.

[3] *See* Covad Petition to Reject or, Alternatively, Suspend and Investigate, Verizon Transmittal No. 232, filed August 16, 2002.

competitors with non-discriminatory access to interconnection under the section 271 checklist.[4] Verizon has failed to provide adequate notice to competitors of the unprecedented and substantial network change entailed by its PARTS rollout, a change which certainly impacts competitors' networks and ability to offer services. Verizon's present 271 application consequently fails to comply with the Act and Commission's implementing rules.[5]

In fact, in testimony to the Massachusetts DTE in November 2001, Verizon indicated that a PARTS roll-out was far off in the future, and would not be complete until some distant, unspecified point.[6] Then, starting in February of this year, Verizon issued several notices to competitive LECs informing them that it was deploying PARTS-capable NGDLC throughout its footprint. Previously, Verizon had repeatedly denied that it was deploying this architecture. Verizon's notices provided no details about the manner in which competitors could make use of and provide services using Verizon's next-generation network facilities. Instead, Verizon's notice to competitors consisted merely of change management log entries describing Verizon-initiated changes to its loop qualification and ordering OSS.[7] Apart from such brief notices, competitors received little word regarding Verizon's PARTS rollout until Verizon's tariff filing at the Commission in Transmittal No. 232. Covad believes that Verizon's tariff, in its current

[4] 47 U.S.C. § 271(c)(2)(B)(i); 47 U.S.C. § 251(c)(2).

[5] 47 U.S.C. §§ 251(c)(2), 251(c)(5); 47 C.F.R. §§ 51.325 *et seq.*

[6] *See Investigation by the Department of Telecommunications and Energy on its own Motion into the Appropriate Pricing, based upon Total Element Long-Run Incremental Costs, for Unbundled Network Elements and Combinations of Unbundled Network Elements, and the Appropriate Avoided-Cost Discount for Verizon New England, Inc. d/b/a Verizon Massachusetts' Resale Services in the Commonwealth of Massachusetts*, DTE 98-57, Hearing Transcript, November 16, 2001 at 896-98.

[7] *See* Appendix A.

form, still fails to provide sufficient information to competitors and potential customers about the manner in which they may make use of Verizon's PARTS architecture.

In sum, Verizon has failed to provide sufficient information for Covad to make operationally ready its own OSS, provisioning processes, retail processes and marketing for services employing this new network architecture. Verizon has failed to provide competitors with detailed information about pre-ordering, ordering, provisioning, billing, or any other information pertinent to competitors being able to provision services using PARTS. Verizon, meanwhile, has been developing its back office systems and processes in conjunction with its rollout of the PARTS network architecture.

The network notice requirements of the Act, and the Commission's implementing rules, were created precisely to avoid giving incumbents the kind of head-start Verizon has given itself with its PARTS rollout. As the Commission has stated, "the primary concern reflected in section 251(c)(5) is continued interconnection and interoperability."[8] Verizon's last minute, unannounced tariff filing accomplishes exactly the anti-competitive goal that the Commission's rules seek to prevent: Verizon now has a significant head start over its competitors in utilizing upgraded loops in its network, and competitors are left to scramble in an effort to catch up. Because Verizon's tariff constitutes the first notice of any kind about the manner in which Verizon will allow competitors to access PARTS, the Commission must bar Verizon from entering the interLATA market in Virginia until it provides competitors with sufficient information about its PARTS facilities rollout to enable them to interconnect with these facilities in a non-discriminatory manner. Verizon should not be allowed, in any event, to enter the

[8] See Local Competition Second Report and Order, 11 F.C.C.R. 19,392, para. 224 (1996).

interLATA services market in Virginia for at least the next 12 months.[9]

Loop Qualification Information – Checklist Item 2

DSL requires the loop to have certain characteristics in order to work. Verizon asserts that its mechanized pre-qualification database, LiveWire, tells CLECs whether a loop is qualified for DSL prior to submission of an order. LiveWire identifies the presence or absence of load coils or bridge taps, the length of cable, whether a binder group contains spectrally incompatible services, or a determination of whether the loop is on copper or fiber. In Covad's experience, LiveWire falsely reports certain loops as non-qualifiers. As a result, Covad can either turn away a customer because of the incorrect report or incur manual loop qualification charges to show that the loops are actually compatible with DSL service. Covad has experienced numerous instances where it must turn away a customer because LiveWire incorrectly reports that the customer is served by a long loop (a "false negative"). In response, the customer will inform Covad that a neighbor has DSL, so its loop cannot be too long. Covad is then compelled to submit an extended loop makeup query, a time consuming manual process, which Verizon states only includes information for approximately 10 percent of its loops.

More disturbing, Covad is currently receiving responses from LiveWire indicating that the loop has a length of 99,000 feet or zero feet and is non-qualified. Clearly, there are no 99 kilofeet loops and no zero foot loops and so we are compelled to conduct a manual workaround that increases delay and the costs associated with provisioning these loops. These manual workarounds often reveal that the loops actually are compatible

[9] *See* 47 C.F.R. § 51.331.

with DSL service. In fact, the fact that Verizon's manual workaround process provides the actual loop length indicates that Verizon has at its disposal the means to obtain more accurate information than it provides to competitors. Verizon has been informed about this problem, but to date has refused to take any action to correct the inaccurate entries in its loop qualification database. Until this problem is fixed, Covad will continue to incur additional costs to the business and unreasonable provisioning delays for every LiveWire response that erroneously reports a loop to be 99 kilofeet or zero feet long.

Incorrect information in the LiveWire database regarding spectrum compatibility issues have also prevented Covad from submitting valid DSL loop orders. Several months ago, Verizon articulated to Covad its firm policy of rejecting any Covad line sharing order submitted, where the loop may be located in the same binder group as a loop over which Verizon currently serves one of its retail customers with AMI T-1 service. Pursuant to an FCC mediation session, a sample of rejected line sharing orders submitted during February 2002 were jointly reviewed by Covad and Verizon. The test sample revealed that of approximately 240 line sharing orders that Covad submitted having received a "loop not qualified" response due to spectrum compatibility concerns, only one of those orders actually had a T-1 in the binder group. In other words, LiveWire was wrong approximately 99% of the time in the case of our sample. To date, this matter has already prevented Covad from provisioning DSL to well over a thousand customers that requested service with Covad.

Furthermore, the presence of DLC on a line limits Covad's ability to provide DSL services. To address this situation, Verizon, for a fee, will provide CLECs with line station transfers where it will move a customer with a DLC line to a full copper loop, if

one is available. Verizon's pre-qualification tool often indicates that only DLC is available in a binder group, thereby preventing Covad from requesting a line station transfer to a full copper loop. Based on its own data, Covad believes that upwards of 30% of the pre-qualification responses of "loop not qualified" due to DLC are incorrect because copper is available in a binder group and, accordingly, the loop could be served by available copper.

The scope of KPMG's pre-order testing did not test the accuracy of Verizon's pre-qualification database. If an order from KPMG's pseudo-CLEC came back non-qualified for whatever reason, KPMG incorrectly assumed the result was accurate and complete. KPMG never attempted to provision any of its own pseudo-DSL facilities that were not qualified based on pre-qualification test results. As a result, KPMG did not develop any correlation between the pre-qualification database and the ability to provision the loops.

CLECs should not have to pay for loop qualification because of Verizon's failures and inaccuracies. The Commission should require Verizon to correct these clear discrepancies in its database prior to 271 approval. Updating and maintaining Verizon's database on its loop inventory is the responsibility of Verizon. It is a function of doing business, a surrogate to direct access to an existing OSS, and the cost to perform that function is a cost of doing business, that is recovered through recurring charges to CLECs. CLECs rely upon this information to make business decisions. Had Verizon followed its own guidelines related to its database over the past 20 years, more of the pertinent information would have been included, given the frequency of plant additions and rearrangements. As long as Verizon can continue to pass on to competitors the cost

of whatever manual processes it employs, the company will have every incentive to not accurately maintain its mechanized database. Thus, the Commission should not permit Verizon to assess a manual loop qualification charge or an engineering work order charge for competitors to obtain information that should be available electronically through LiveWire before recommending Verizon's 271 application to the FCC. CLECs are already charged a monthly recurring charge for electronic access to LiveWire.

To the extent that information needed for loop qualification resides only in Verizon's "plats" (which are paper plant records), rather than in electronic databases, it reflects Verizon's failure to populate its databases as it should have given the upgrades that Virginia ratepayers have been funding for years. It is Verizon's responsibility to follow its own practices for fully and accurately populating its databases, and maintaining those databases in such a way that they contain accurate information. The costs for populating and maintaining OSS databases have traditionally been passed on to consumers as part of recurring costs. In a competitive environment, the incumbent should pay for error correction, should it be found that existing practices are either not being followed, or are not being done accurately. If loop qualification information that should have been in LiveWire is missing, then Verizon should obtain the appropriate information, correct its own database(s), and provide the information to the requesting carrier, in an expeditious manner, without new charges being imposed on the competitor. If anything, Verizon should be compensating the competitor for harmful delay associated with waiting for the information to be obtained manually, rather than via a real-time mechanized interface, for which competitors are already being charged.

1. Verizon Provides Mechanized Loop Qualification Information that is Tailored to the Needs of its Affiliate

Verizon states that CLECs and Verizon VA alike utilize the LiveWire database to determine if loops are qualified for DSL services. Verizon has based the design of its mechanized loop qualification database specifically on the needs of its retail DSL operations. This database is less useful to competitors and is more expensive than read-only access to Verizon's underlying databases. Verizon's current mechanized loop qualification process provides a summary "yes/no" indicator that reports whether the loop in question meets the technical requirements of Verizon's retail ADSL offering, "Infospeed DSL." Such an indicator, specific to the equipment of Verizon's vendor and the deployment decisions that Verizon has made for its own (or its affiliate's) retail service offering, is clearly not relevant to a competitor's service offerings. The information provided is designed in such a manner that Verizon retail would not need additional information. Furthermore, Verizon's process masks the underlying loop makeup data that Verizon's own engineers must evaluate to determine the suitability of particular loops for Verizon's retail ADSL service. Verizon apparently envisions that this more detailed loop makeup information would only be available to competitors at a heavy premium through the manual loop qualification or engineering query process.

2. Verizon Does Not Provide Nondiscriminatory Access to Loop Qualification Information

What Verizon has done is set up its loop qualification process in such a manner that fully and efficiently meets the needs of its affiliate and in a manner that provides it an opportunity to claim it is providing nondiscriminatory access to CLECs, while at the same time masking discriminatory treatment. For instance, Verizon states that it provides nondiscriminatory access to three processes for loop qualification – mechanized loop

qualification, manual loop qualification, and engineering query.[10] As noted above, Verizon designed this database for its own retail needs. When CLECs use this system, more often than not, they will need additional information, which they will have to obtain through the much higher prices for manual loop qualification or an engineering query. This results in discrimination. Verizon has essentially set up two loop qualification processes – a seamless, relatively inexpensive one for its retail arm and a cumbersome and expensive, manual process for CLECs.

3. Verizon's Databases Provide Incomplete Information

Verizon contends that it also provides CLECs with electronic access to Loop Makeup ("LMU") that might be contained in the LFACS database where it exists. Providing such additional detail is not equivalent to providing competitors with equal access to the underlying data that Verizon can access to develop its own qualification processes. For instance, as Verizon noted, the LMU information provided is limited. Verizon noted:

This is because the inventory of loops contained in LFACS are primarily expected to meet voice grade requirements, while loop make-ups were prepared only for those loops that were designed as special circuits, which are only a small portion of the base.[11]

Thus, the loop makeup information that Verizon currently provides is selective and does not provide the full spectrum of information that CLECs need to determine if the loop is qualified to provide the services the CLEC seeks to offer.

This situation is compounded by the fact that Verizon failed to populate the

[10] Verizon VA OSS Declaration, Attachment 305.

[11] Verizon VA Checklist Declaration at ¶ 150.

information in the LFACS database adequately. The New York Public Service Commission recently found that CLECs had credibly shown that "compliance with Verizon's own guidelines related to its databases would have resulted over the past 20 years, in more of the pertinent information being included, given the frequency of plant additions and rearrangements."[12] If the LFACS database had been adequately populated in the first place, and CLECs had been provided direct, read-only access to such a fully populated database, then CLECs would have had true non-discriminatory access. Unfortunately, Verizon has not included all pertinent information in the LFACS database, as it should have. CLECs should have direct read-only access not only to the LFACS databases, but also to other databases where relevant loop information is stored. As the Maryland Commission held:

> By its own admission, this LFACS has been around for "a long time" and it adds loop makeup information to the LFACS as loops are upgraded or replaced but, in all that time Verizon has supposedly only upgraded or replaced 16% of its loops. The Commission finds that the LFACS, TIRKS and other related databases are a form of OSS. The CLECs should be permitted read-only access via an electronic interface and should be able to access that information which would be available in a forward-looking environment, i.e., total loop length (including bridged taps), presence and location of load coils, presence and location of Digital Loop Carrier, cable gauge, and qualifications for ADSL/HDSL. Because this information would be available in a forward-looking

[12] NY PSC Case No. 98-C-1357, Proceeding on Motion of the Commission to Examine New York Telephone Company's Rates for Unbundled Network Elements, Order on Unbundled Network Element Rates at 131 (Jan. 28, 2002) ("NY PSC UNE Decision").

network, the Commission rejects the findings of the Arbitrator with respect to this issue and, instead, finds that there are no charges with respect to manual loop qualification or engineering query.[13]

It is significant that the information a CLEC would need to qualify a loop such as (1) the composition of the loop; (2) existence, location and type of any electronic or other equipment on the loop; (3) loop length, including the length and location of each type of transmission media; (4) the wire gauge(s) of the loop; (5) the electrical parameters of the loop; and (6) engineering work in progress on the cables housing the loop are only provided as a result of the engineering query process.[14] Thus, according to Verizon's declaration on UNE rates, a CLEC currently has to pay a nonrecurring charge (in Covad's case, about $34) and endure the arduous and lengthy engineering query process to get information that should have been in Verizon's OSS and accessible by CLECs to begin with. Meanwhile, Verizon's retail arm need not incur these costs because Verizon's loop qualification system is crafted to its needs.

In the *UNE Remand Order*, the FCC required incumbent LECs to provide nondiscriminatory access to loop information.[15] The purpose of this requirement is to require incumbents to produce the information that will allow CLECs to determine *for themselves* whether a loop satisfies the prerequisites for the service the CLEC intends to

[13] In the Matter of Arbitration of Rhythms Links, Inc. and Covad Communications Company vs. Bell Atlantic Maryland, Inc. Pursuant to Section 252(b) of the Telecommunications Act of 1996, MD PSC Case 8842, Phase II, Order 76852 at 31 (April 3, 2001).

[14] Verizon VA OSS Declaration, Attachment 305, at 5.

[15] *See Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, Third Report and Order and Fourth Further Notice of Proposed Rulemaking, CC Docket 96-98 at ¶ 427-428 (1999); 47 C.F.R. §51.5.

provide.[16]

Verizon contends that it is providing nondiscriminatory access to loop qualification information through the processes it describes. That is clearly not the case, as Verizon's affiliate is able to get all the information it needs in one seamless, electronic inquiry, while CLECs have to go through numerous steps some of which will involve manual processes at excessive prices. Thus, the Commission should not permit Verizon to assess a manual loop qualification charge or an engineering work order charge for competitors to obtain information that should be available electronically through LiveWire.

Billing OSS – Checklist Item 2

Verizon's billing system and performance continue to be fraught with problems. Contrary to Verizon's claims, KPMG's Virginia test falls short of addressing all stages of a CLEC's relationship with Verizon, particularly in the billing domain. KPMG admitted that its testing did not create and test for key aspects of a CLEC's interaction with Verizon, including, among other things, billing disputes or queries or any instances of backbilling. More telling, KPMG did not examine or audit any Verizon-generated bills for CLECs in Virginia that actually had real customers, nor did KPMG interview any CLECs regarding their actual billing experiences with Verizon. In short, KPMG's limited evaluation of Verizon's billing procedures and bills does not accurately reflect an

[16] This purpose is implicit in the FCC's finding that "under its existing rules, the relevant inquiry is *not* whether the retail arm of the incumbent has access to the underlying loop qualification information, but, instead, whether such information exists anywhere within the incumbent's back office and can be accessed by any of the incumbent LEC's personnel. *UNE Remand Order* at ¶ 430. Requiring such "back office" information to be made available to the CLEC necessarily excludes "front office" activities engaged on the part of the incumbent to interpret that information.

actual CLEC's experiences with Verizon's various billing processes.

Verizon's real life billing practices fall short of meeting the FCC's pro-competitive truth-in-billing principles and guidelines. In particular, Verizon has not provided Covad with adequate descriptions and clear identification of charges on bills that would allow Covad to understand and compare the charges on the bill to the products and services it had ordered. Covad has persistently asked Verizon since October 2001 for a mapping of the "ordering" codes to the "billing" codes. Specifically, Covad has asked Verizon to provide (1) a description of each element that we order from Verizon; (2) the Universal Service Order Code(s) ("USOC(s)") that correlate to the particular UNE description; and (3) the Network Channel and Channel Interface ("NC/NCI") Codes, secondary codes and specification codes that are associated with the correlated UNE description and USOC(s). While Verizon has acknowledged Covad's need for such information in order to validate billing, to date, over 8 months after our initial request, Verizon has not adequately addressed Covad's concerns.

This problem is made worse by Verizon's appalling billing practices, including, but not limited to, backbilling, inaccuracies and manual processes. As noted above, KPMG observed no instances of backbilling. In reality, Verizon has backbilled Covad for charges that are two to three years old. Covad received a bill from Verizon amounting to approximately $1.1 million for various unidentified backbilled charges dating back to July 1, 2000. Disturbingly, Verizon did not even set apart the charge as a "new" charge under current charges. Rather, the charges deviously showed up for the first time under "Balance Due Information." More appalling is the fact that these charges (i) were for line sharing charges, but billed on a High Capacity Bill and (ii) were assessed

to a New York bill, however, the charges extended across numerous jurisdictions, including Virginia.

The extent of the detail regarding the $1.1 million was limited to "Adjustment of local switching charges loop/line sharing 7/1/00-6/30/01." There was no identification of the circuits being billed. After expending significant resources to identify what the $1.1 million in charges where for, Covad determined, and Verizon agreed, that over $336,000 were invalid charges. Verizon's bill was at least 30% inaccurate and Covad continues to work diligently to validate the remaining balance.

Verizon may claim that it adjusted those charges after it received a claim and subsequently met with Covad to explain the charges on the bill and the adjustment. What Verizon fails to mention is that it took 9 months to resolve this matter. Covad also notes that during this process, Verizon erroneously billed the $1.1 million *again*. Covad filed another claim for the second application of the $1.1 million, while the original claim for the $1.1 million remained open. Verizon may state that it provided spreadsheets with supporting data. However, Verizon was unable to produce adequate supporting documentation until Covad issued repeated requests and the issue was escalated to VP level.

Very often, the resolution of disputes extends well beyond the target 30 day window and requires numerous phone calls and e-mails in order to resolve basic claims. Indeed, as of August 19, 2002, Covad has 9 disputed billing claims open with Verizon open for an average of 204 days. These disputed charges total to more than $58,000, yet Verizon continues to drag its feet in resolving them.[17] Covad has even escalated these

[17] *See* Appendix B.

billing disputes to the VP of billing within Verizon, and Covad received assurances that these disputes would be resolved by August 15. Nonetheless, Verizon allowed the August 15 date to pass by without taking any action on Covad's disputed charges, and continues to take no action to resolve these claims.

Moreover, Verizon continues to refuse to resolve Covad's outstanding billing disputes over charges for the loops Covad purchases to provide IDSL services. Under the Bell Atlantic-GTE merger commitments, Verizon is required to provide 25% discounts on the loops Covad purchases to provide advanced services. Verizon, however, refuses to provide these discounts to Covad, arguing that ISDN loops do not qualify as loops used to provide advanced services. For reasons that Covad has already provided to Verizon on numerous occasions, Verizon's reading of its obligations under the merger commitments is simply wrong. Regardless of whether these loops could be used to provide non-packetized services, when Covad uses them to provide IDSL services, they are loops used to provide advanced services. Accordingly, Verizon is required to provide the discounts required under the Bell Atlantic-GTE merger conditions. But, despite Covad's repeated attempts, Verizon has refused to resolve this billing dispute. Instead, this billing dispute, like Covad's many others, continues to languish without any action by Verizon.

The Commission has recognized that billing errors can be disabling to CLECs by denying them a meaningful opportunity to compete in many ways. For example, in its Pennsylvania 271 Order, the Commission noted that if CLECs receive bills that are not readable, auditable, and accurate, CLECs must spend additional monetary and personnel resources reconciling each bill and pursuing bill corrections. Covad is forced to more

closely monitor its bills and pursue expensive and time consuming billing disputes, claims and queries.

Due to the limited scope of KPMG's testing, these were not issues that were reviewed in its analysis. KMPG did not create and test for billing disputes, claims or queries. As has been shown, Verizon's billing methods are often antiquated and far from accurate. Covad's experiences on the billing resolution front have been painful, to say the least.

What makes this interaction more burdensome is Verizon's manual processes. Verizon manually places charges on Covad's bills and then provides a spreadsheet as support for the charges. This method is excessively troublesome for CLECs and prolongs an already lengthy and unreasonable claims and dispute process. Verizon is not adequately updating its billing system to support new products. When Verizon provides a new product, it does not create billing codes for elements that will allow it to bill on a mechanized basis. As a result, Verizon is manually processing invoices and spreadsheets, increasing human error and greatly increasing the chance for incorrect billing. Further, once the billing is mechanized, this is not effectively communicated through the Verizon organization and the CLEC sometimes is doubled billed, on a manual and mechanized basis.

The Commission should not approve Verizon's instant application for interLATA authorization until Verizon meets the four following conditions, aimed at forcing Verizon to address the persistent deficiencies inherent in its billing systems. First, Covad should not be required to pay unverifiable charges until Verizon has provided a reliable and accurate source of information for purposes of ordering and billing review. Verizon

states that as of January 2002, it has ceased manually billing for the remaining rate elements that have not been mechanized. Verizon has not indicated, however, when it will implement mechanized billing for future elements. For instance, Verizon took over 2 years to mechanize the billing for line sharing elements. Second, Verizon should be required to mechanize the billing process for new products and elements within 60 days of the product or element's introduction. Third, CLECs should not be required to pay invoices until Verizon has provided them on a mechanized basis.

Fourth, and finally, the Commission should limit Verizon's ability to backbill CLECs to a 6-month period. According to Verizon, backbilling occurs when a CLEC receives service, but has paid a charge that is less than the correct charge specified in the agreement with Verizon or Verizon's tariffs. The mere fact that backbilling occurs at all is more evidence that Verizon is not billing CLECs properly and highlights the inaccuracies in Verizon's billing process and the difficulties that Covad, and other CLECs, will face when trying to verify, reconcile, and compare charges on the bill to the products and services it has ordered.

UNE Rates – Checklist Item 2

Verizon's inaccurate billing practices are especially troubling in light of Verizon's practice of unilaterally imposing new charges on competitors without an agreement or an order from the Commission, based on a CLECs' payment of a bill, either BDT or Paper. For example, Verizon recently sent a letter to CLECs dated March 22, 2002, unilaterally imposing new rates for Virginia UNEs. In this letter, Verizon stated that "payment of your first invoice in which Verizon has incorporated the new UNE rates will signify your acceptance of these rates and will result in them being incorporated into your

interconnection agreement on a going forward basis." First, it is troubling that Verizon would attempt to unilaterally impose new rates on competitors without an agreement or the Commission's direct approval.

Second, contrary to Verizon's declaration that in no case would the new UNE rates be higher than the rates CLECs are currently being billed, several of Verizon's charges did turn out to be significantly higher than the charges currently in Covad's interconnection agreement with Verizon in the Commonwealth of Virginia. For instance, Verizon attempted to unilaterally raise the xDSL loop qualification and conditioning rates previously agreed to in its line sharing amendment with Covad. In the line sharing amendment, the Manual Loop Qualification charge is $53.72, while in Verizon's letter and 271 filing the rate almost doubled to $93.70. In the line sharing amendment, the Engineering Query charge is $34.19, while in Verizon's letter and 271 filing it almost quadrupled to $121.37. Additionally, the Engineering Work Order charge was raised from $193.15 to $500.90. Further, Verizon attempted to impose a cooperative testing charge where none existed before. Due to Covad's efforts to hold Verizon to its word, Verizon subsequently retreated from its new UNE rates, stating that it would continue to charge Covad the rates specified in its interconnection agreements. Yet the fact that Verizon would even attempt to unilaterally change the UNE rates it charges competitors, without direct approval from the relevant commission, should cause this Commission grave concern about Verizon's application.

Furthermore, Verizon indicates that, for the non-recurring costs Verizon incurs in Virginia to perform loop qualification and loop conditioning for competitors like Covad, it has unilaterally imposed rates that were the lower of rates in a negotiated

interconnection agreement or rates set by the New York Public Service Commission. As an initial matter, the Commission can easily reject the notion that negotiated rates in an interconnection agreement are an appropriate substitute for the Commission's TELRIC cost rules. As the Commission's TELRIC rules make abundantly clear, TELRIC requires the setting of rates based on a forward-looking cost methodology, using a fully-developed TELRIC cost study. Negotiated rates in an interconnection agreement, standing alone, cannot meet this threshold.[18]

Verizon appears to be operating under the assumption that New York rates applying to the same network and back office operations as the old New York Telephone Company are appropriate surrogates for the Virginia network of the old Chesapeake and Potomac Telephone Company. What Verizon fails to mention is that New York's rates for these functions are among the highest in the Verizon territory. Furthermore, Verizon fails to mention that these specific New York rates have never been examined for TELRIC compliance by this Commission. Indeed, Verizon appears to have picked New York out of a hat as the appropriate state to use in determining the non-reurring charge rates in Virginia, without sufficient explanation for why New York's rates are the appropriate substitute for Virginia rates. Given that relative cost differences for loop qualification and loop conditioning are not even captured by the Commission's benchmarking analysis employing USF costs, Covad and the Commission are left without any means of checking Verizon's assumption that New York rates are the correct substitute for Virginia rates.

Verizon considers loops over 18 kilofeet as Digital Designed loops that require

[18] Covad further notes that in some cases, it does agree to negotiated rates set above what a TELRIC methodology would produce, as an interim means of market entry.

conditioning at significant costs to CLECs. Covad is not now providing DSL service to customers who are served by long copper loops over 18 kilofeet. The conditioning charges that Verizon imposes on CLECs make it uneconomical for Covad to offer service to these customers. In this way, Verizon has succeeded, by imposing excessive costs on us, in limiting Covad's DSL service.

Indeed, state regulators in other Verizon states have concluded that, in a forward-looking network environment, the rates for loop qualification and loop conditioning functions should be set at zero.[19] Such was the determination of the state commission in Maryland, a state adjacent to Virginia whose local telephone network comes from the same network and corporate lineage as the network in Virginia.[20] Nonetheless, Verizon chose to import non-recurring loop qualification and conditioning charges from New York. Furthermore, Verizon does not even commit to performing a true-up of these non-recurring charges to the rates ultimately established by the FCC in the cost phase of its pending arbitration proceeding for Virginia. Verizon seems to believe that, in the absence of rates developed in a TELRIC cost proceeding, it can simply pick any other state as it sees fit and import rates from that state as it sees fit, to come into TELRIC compliance. The Commission should reject Verizon's wholly arbitrary position. In order to demonstrate that its rates are TELRIC-compliant, Verizon must treat any of its non-

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[19] *See*, *e.g., Investigation by the Department of Telecommunications and Energy on its own Motion into the Appropriate Pricing, based upon Total Element Long-Run Incremental Costs, for Unbundled Network Elements and Combinations of Unbundled Network Elements, and the Appropriate Avoided-Cost Discount for Verizon New England, Inc. d/b/a Verizon Massachusetts' Resale Services in the Commonwealth of Massachusetts, D.T.E 01-20 (July 11, 2002) ("Massachusetts DTE UNE Order")* at 102; *Investigation re: Verizon Pennsylvania's Unbundled Network Element Rates,* Pennsylvania PUC Docket No. R-00016683, Recommended Decision (May 3, 2002) at 89.

[20] Specifically, the Maryland PSC found that, in a forward-looking network environment, the charges for loop conditioning, manual loop qualification, and engineering queries should be set at zero. *See*

recurring charges for loop qualification and loop condition as interim rates, subject to true-up against the rates ultimately established by the Commission in its Virginia cost proceeding. Furthermore, any interim rates used cannot be from a state arbitrarily chosen at Verizon's discretion. Instead, the interim rates applied in Virginia must be from the one state adjacent to Virginia which has developed non-recurring rates for loop qualification and loop conditioning in a fully litigated TELRIC cost proceeding, and whose network is the same network from the same corporate lineage as the network in Virginia, namely the state of Maryland.

Access to UNE DS1 Loops – Checklist Item 4

Verizon refuses, in circumstances determined by Verizon, to provide to Covad loops capable of carrying DS-1 circuits. Verizon states that it is under no obligation to attach electronics to existing loop facilities to render them capable of carrying DS-1 circuits. Verizon states that, when it receives a CLEC order for a DS-1 loop, its practice is to check to see whether the required common equipment is installed in the central office and has available ports or slots on it. Verizon states that it rejects CLEC orders unless these conditions are met. Furthermore, Verizon states that it does not procure any central office equipment to provision the loop. Thus, Verizon has articulated to Covad its firm policy of rejecting any Covad UNE DS-1 loop order submitted, where it must attach central office our outside plant equipment to the UNE loop.

Covad met with Verizon to explore the reasons for Verizon's rejection of several Covad UNE DS-1 loop orders. In the course of those meetings, Covad discovered

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Arbitration of Rhythm Links, Inc., and Covad Communications Company vs. Bell Atlantic Maryland, Inc., Maryland PSC Case No. 8842, Phase II, Order No. 77074 (June 29, 2001), at 6-7, 31.

several circumstances in which Verizon's practice was to refuse to provision loops to Covad. Specifically, Covad discovered that Verizon was rejecting Covad's orders where provisioning the loop would require the addition of doubler cases, central office shelf space, repeaters, riser cable, or other equipment to the loop.[21] During the hearing on this issue in Virginia, Verizon even admitted that it would deny a competitor's order for a DS-1 loop due to "no facilities" when all it would have to do is open a cable sheath to splice existing pairs into an existing apparatus case.[22] Verizon's policy has caused and continues to cause Verizon to reject Covad's UNE DS-1 loop orders unlawfully. Covad has reason to believe that, as of July 15, 2002, approximately 46% of its UNE DS-1 orders were rejected unlawfully because of Verizon's determination that there were "no facilities."[23]

In support of its policy, Verizon states that the 1996 Act only requires incumbent carriers to unbundle their existing network, not to construct new facilities. Verizon also argues that the definition of the loop network element includes only electronics already attached to the loop. Furthermore, according to Verizon, its obligation to provision loops that pass a DS-1 signal rate includes only the obligation to remove devices from the loop, and does not include the attachment of devices to the loop that are not already in place.[24] Verizon forces competitors to obtain high capacity loop UNEs by purchasing the

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[21] *See* Appendix C.

[22] *See In the Matter of Verizon Virginia, Inc.,* Report of Alexander F. Skirpan, Jr., Hearing Examiner, Case No. PUC-2002-00046 (July 12, 2002), at 114 (Hearing Examiner's Report).

[23] *See* Appendix D.

[24] Subsequent to its correspondence to Covad, Verizon issued a general statement of its policy on unbundling DS-1 and DS-3 UNE loops. See "DS1 and DS3 Unbundled Network Elements Policy," July 24, 2001 (Appended to this letter as Appendix E).

facilities as special access lines, and then converting them to UNEs after a specified three month time frame. Verizon's policy is based on an erroneous reading of the Commission's rules and orders, and continues to cause Covad to suffer severe harm.

Verizon's position, brought before the Commission and the courts time and time again, is that it has no obligation to provide competitors with access to an "unbuilt superior network." But Covad does not seek an unbuilt network; rather, Covad seeks Verizon to provision unbundled loops using Verizon's existing loop facilities, in a manner that allows Covad to use the full features, functions and capabilities of those loops. The fact is that only Verizon has access to the loop plant to render it DS-1 capable. Verizon's suggestion that Covad seeks access to an unbuilt network is belied by Verizon's willingness to provide loops supporting DS-1 data rates as part of a retail service. What Verizon seeks is to be the only player in town able to provide DS-1 level services for its own customers, while competitors are permanently relegated to the status of second-class provider. The Commission cannot accept such a position.

Sadly, the Commission has previously found that Verizon's current policy of rejecting competitor DS1 orders for "no facilities" does not warrant a finding of checklist non-compliance.[25] The Commission must immediately reverse its previous findings, and recognize the discrimination inherent in Verizon's policy. Verizon's policy does not result in the rejection of competitor orders solely when there are truly no facilities available. Rather, Verizon's policy results in rejection of competitor orders even when spare copper facilities are available to serve the end user, but when Verizon decides not to perform the necessary, technically feasible, work to provision a DS-1 capable loop.

[25] See Verizon Pennsylvania 271 Order, paras. 91-92; New Jersey 271 Order, para. 151.

As the hearing examiner in Virginia found, "Verizon Virginia's policy has a significant and adverse effect on competition in Virginia, is inconsistently applied across UNEs, is at odds with industry accounting rules, and is inconsistent with TELRIC-pricing principles."[26] For example, as the hearing examiner found, Verizon will "make cable pairs available through line and station transfers, but following its "no construction" policy, Verizon Virginia will not splice any of those available pairs into existing repeater cases."[27] The hearing examiner further explained how Verizon's policy was at odds with the Commission's accounting rules, treating the provisioning activities covered by its "no facilities" policy, such as rearranging its existing plant, as new construction rather than expense items, and at odds with the Commission's TELRIC pricing rules, by adopting the short-run assumption that no new plant will be constructed to meet reasonably anticipated competitor demand.[28] These inconsistencies only serve to further illustrate the underlying inconsistency of Verizon's no facilities policy with the Commission's UNE rules.

Verizon is in violation of the Commission's requirement that it provide unbundled access to DS-1 loops to the extent technically feasible.[29] Because Verizon does not claim that it is not technically feasible to provision the loops Covad has requested for DS-1 capability, Verizon must provide the loops that Covad requests. Covad has and continues to suffer serious harm because of Verizon's refusal to provide UNE loops as required by

[26] Hearing Examiner's Report at 116.

[27] Id.

[28] *Id.* at 117.

[29] *See* 47 C.F.R. § 51.319(a) (requiring unbundling of local loops, including DS-1 loops); 51.321 (requiring ILECs to provide any technically feasible method of access to UNEs).

law. Verizon has a strong incentive to deny Covad the ability to offer its competing T1 services. By enacting its policy of rejecting UNE DS-1 loop orders, Verizon is raising the bar for competitive T1 offerings higher than for its own T1 offerings. The Commission should not allow Verizon to enter the interLATA market in Virginia until it reverses this discriminatory policy.[30]

Line Sharing over Resold Voice – Checklist Item 4

Verizon discriminates against competitors by refusing to provision UNE line shared loops for customers served by resale voice providers. When Covad submits orders for UNE line shared loops for customers served by resellers of Verizon's voice service, Verizon refuses to provision the loop, returning a rejection notice indicating "third party voice." Verizon does this notwithstanding the fact that Verizon continues to function as the voice provider for the customer, and notwithstanding the Commission's rule clearly requiring Verizon to unbundle the high frequency portion of the loop where Verizon is providing the customer's voice service.

The Commission's rules provide that:

> An incumbent LEC shall only provide a requesting carrier with access to the high frequency portion of the loop if the incumbent LEC is providing, and continues to provide, analog circuit-switched voiceband services on the particular loop for

[30] Covad has separately sought enforcement action against Verizon for its discriminatory policy of rejecting competitors' DS1 UNE orders. *See* Letter of Praveen Goyal, Covad Communications, to Alexander Starr, FCC Enforcement Bureau, dated July 23, 2002. Because Verizon's actions constitute a present violation of the Commission's rules and the Act warranting immediate enforcement action, the Commission should recognize that Verizon's no facilities policy is also non-compliant with the terms of the section 271 checklist.

which the requesting carrier seeks access.[31]

There is no question that Verizon continues to provide "analog circuit-switched voiceband services" when it sells its voice service to a reseller. Verizon retains control of the loop facility, and continues to provide the narrow-band transmission of circuit-switched voice services over the loop. The fact that Verizon continues to serve as the facilities-based provider of voice services is further belied by the pricing standard applied to Verizon's resold voice services. Instead of being priced at TELRIC, as unbundled network facilities are, Verizon's resold voice services are priced at an avoided-cost standard, to reflect the reseller's addition of its own billing and other administrative costs to Verizon's own costs of providing facilities-based voice service. Verizon clearly remains the provider of voice services over the loop, and clearly retains the obligation to unbundle the high-frequency portion of the loop, when it resells its voice services.

Any other reading of the Commission's line sharing rules would vitiate the Commission's actual intent in enacting the above-referenced provision of the line sharing rules. Specifically, in its *Line Sharing Order*, the Commission stated that it would not require incumbents to unbundle access to the data portion of an otherwise unoccupied loop (or a "dry" loop).[32] Accordingly, the Commission concluded that incumbents would not have to unbundle the high-frequency portion of the loop where the incumbent was not also providing the customer's voice service – ie., a dry loop on which no voice service was being provided. Similarly, the Commission also specifically exempted incumbents from unbundling loops to requesting carriers purchasing UNE-P. As the Commission later explained in its *Line Sharing Reconsideration Order*, the Commission's line-sharing

[31] 47 C.F.R. § 51.319(h)(3).

rules allows customers of service providers employing UNE-P to obtain competitive alternatives for xDSL service through line-splitting arrangements.[33] In no circumstance, however, did the Commission permit incumbents to deny competitors access to the high-frequency portion of the loop where incumbent-provided voice service was resold. Indeed, apart from Verizon's need to draw arbitrary lines for when competitors can and can't obtain the line sharing UNE, there exists little policy basis for denying competitors access to the line sharing UNE when Verizon's voice services are provided through a reseller. Indeed, to allow Verizon to refrain from providing line shared loop UNEs for customers of voice resellers would leave such customers without any competitive alternative to Verizon's retail xDSL services.

Verizon must immediately reverse its discriminatory policy of denying competitors access to line shared loop UNEs over loops to customers obtaining resold voice services. Verizon must immediately remove the third-party voice designation from loops over which resold voice services are provided, because this is what causes Verizon to reject Covad's line sharing orders for such loops. Unless and until Verizon reverses this discriminatory policy, the Commission must not allow Verizon to obtain authorization to provide interLATA services in Virginia.

Dark Fiber/Dark Fiber OSS – Checklist Items 2 and 5

Verizon provides an inadequate process regarding information about the availability of dark fiber in its network. Verizon's process is a virtual guessing game to determine if dark fiber is available between Verizon's central offices. Verizon has made

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[32] *See Line Sharing Order*, 14 FCC Rcd. 20912, 20947 at para. 72.
[33] *See Line Sharing Reconsideration Order*, 16 FCC Rcd 2101, 2110-14, paras. 17-26.

it as difficult as possible for Covad to plan its dark fiber routes through its route-specific dark fiber inquiry process. The Commission should require Verizon to provide requesting carriers direct access to the same plant records that are available to an ILEC for evaluating the availability of dark fiber, including access to detailed inter-office dark fiber maps and other procedures designated to facilitate CLEC access to dark fiber information. At the 271 hearings before the Virginia SCC, Verizon offered to provide maps to any requesting CLEC of dark fiber available in its network. Verizon subsequently admitted that dark fiber maps are available, but refused to provide them arguing that they are proprietary.

Typically, Verizon will only inform a competitor whether dark fiber is available between two locations if the competitor specifically inquires about the particular route. If Verizon responds that there is no dark fiber available for the route requested, there is no way for the competitor to question or confirm Verizon's determination. Moreover, Verizon may deny that dark fiber exists between two locations based on the competitor's route request, even though there is an alternative route that Verizon did not disclose. Obtaining dark fiber, consequently, remains a matter of guesswork for competitors like Covad. Verizon's piecemeal disclosure of the location and availability of dark fiber also leaves competitors without any effective information source to include dark fiber in any of its long term network planning. Covad needs to know where dark fiber is in Verizon's network in order to have any meaningful opportunity to use it.

This is exactly the process that this Commission found not to comply with the Commission's rules and orders in its recent arbitration of an interconnection agreement

between Verizon and AT&T.[34] Specifically, the Commission affirmed the CLEC right to purchase a dark fiber route, even if it traverses multiple COs, by obtaining information about available fiber routes, including maps and field surveys in Verizon's possession, and placing a single order for an available, desired route.[35] As the Commission stated, "[T]he Commission's rules requiring nondiscriminatory access to UNEs, and specifically to OSS, preclude any requirement by Verizon that AT&T submit multiple inquiries to discover whether fiber is available along each leg of a desired route."[36]

The Commission must not credit any Verizon arguments that the arbitration order's rulings are prospective, and that non-compliance with the terms of the order do not warrant a finding of checklist non-compliance. Rather, because the Bureau's decision was delivered on delegated authority, its findings should be regarded as findings of what the Act and the Commission's implementing UNE rules presently require, and have required all along. Verizon must not be allowed to enter the interLATA service market in Virginia until it demonstrates that it complies with the terms of the FCC's order. Specifically, Verizon must provide to competitors the same detailed underlying information regarding the composition and qualifications of the loop that the incumbent itself possesses, including access to maps.[37] Furthermore, Verizon must be required to provide information about all available fiber routes between specified points, so that

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[34] *See In the Matter of Petitions of Cox Virginia Telcom, Inc., WorldCom, Inc., and AT&T Communications of Virginia Inc., Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon-Virginia, Inc. and for Arbitration*, Memorandum Opinion and Order, DA 02-1731, paras. 445-474 (rel. Jul. 17 2002).

[35] *See id.* at paras. 455-57, 469-74.

[36] *See id.* at para. 473.

[37] See id.

competitors can effectively make use of the dark fiber available in Verizon's network without engaging in the guessing game entailed by Verizon's current piecemeal disclosure of dark fiber availability.

Conclusion

For the reasons stated herein, the Commission should reject the application of Verizon for authority to provide in-region, interLATA services in Virginia.

Respectfully submitted,

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21 August 2002

Appendix A

Verizon West Change Management Log

Release	CR# DPSR# Type 4 Rating	Description of Change Request	CR Type	Data Added
Unassigned	**C01-0042** PMCD1318 Rating = AT&T = WorldCom = Sprint = VADI = SBCT = Allegiance =	**Title:** PARTS – Packet from the Remote Terminal Service **Description:** The product requires new fields being added to the LSR which will require changes to SIGS and flow through to NOCV. Packet Transport from the Remote Terminal (PART) is a data transport service to be sold to certified local exchange carriers (CLECs). PART provides a data transport service between a rate demarcation point at the end user's premises and a customer/carrier specified DSX or FTF termination at the CLEC's collocation POT Bay in the end user's serving wire center. Only end users that are served by specially equipped DSL capable remote terminals will be reachable by PART service. **Business Narrative:** **Reason:** Process Improvement **Documentation Impact:**	4	05/07/01 05/18/01 06/08/01

Verizon East Change Management Log (Page 6 of 47 Change Control Items by Release July meeting)

Release	CR # Initiative # Type 4 Rating	Description of Change Request	CR Type	Data Added
June 15, 2002 **Completed**	1924 366421	**Title:** Add RT indicator for xDSL Loop Qual to identify addresses served by a Remote Terminal **Description**: The goal of this initiative is to introduce Packet Transport from the Remote Terminal (PART) as an offering to the Wholesale market. **Business Narrative :** This change request adds a new field to the xDSL Loop Qualification response to indicate thr presence of a remote terminal that is xDSL capable. With this enhancement, the CLECs will have an additional option for a location that is qualified for xDSL service. LSR rules for Remote Terminal: REQTYP = "AB" 2 nd character of TOS= "R" or "2" SLI = "C' or "V" ACT = "N", "C" or "D" The following fields will be added to the Local Response: Related Exchange Company ID – RECCKT Virtual Path Indicator - VPID1, VPID2 Virtual Path Identifier - VPI1, VPI2 Virtual Circuit Identifier - VCI1, VCI2 For the DSL Extract, a new value will be returned in the SVCAVAIL field to indicate presence of remote terminal that is xDSL capable. **Reason:** UNE Remand **Jurisdiction:** North & South; **System:** LSI, EDI, CORBA; **Primary Area**: UNE; **LSOG Version:** 4 **&** 5	**2**	3/5/02

Appendix B

Appendix C

Examples of Rejected Covad UNE DS-1 Orders

Parent Carrier Name	Rgn Name	Order Status	Order Rec'd Date	No Facilities Reason	Date Rejected	PON Number
Verizon (BA North)	Boston, MA	Rejected	04/17/02 12:20 PM	NO APPARATUS/DOUBLER CASE	4/23/2002	1580207
Verizon (BA North)	Boston, MA	Rejected	03/28/02 04:31 PM	EU NEEDS A DOUBLER	4/3/2002	1551281
Verizon (BA North)	Boston, MA	Rejected	03/01/02 11:06 AM	NEED TO PLACE FIBER AND OR MUX	4/11/2002	1515616
Verizon (BA North)	Boston, MA	Rejected	03/11/02 08:13 AM	NO APPARATUS/DOUBLER CASE	3/29/2002	1526726
Verizon (BA South)	Philadelphia, PA	Cancelled	03/14/02 07:02 AM	no available un-bundled facilities	3/21/2002	1531799
Verizon (BA South)	Washington, DC	Rejected	04/01/02 08:57 AM	A DOUBLER WOULD BE NEEDED	4/25/2002	1554667
Verizon (BA South)	Washington, DC	Rejected	04/01/02 05:31 AM	NO ILEC Facilities- End User Premise	4/25/2002	1554192
Verizon (BA South)	Washington, DC	Rejected	04/01/02 07:00 AM	no fiber/mux at location	4/1702	1554318
Verizon (BA South)	Washington, DC	Rejected	04/10/02 09:03 AM	nospare pairs in the encapsulated buried splice	4/18/2002	1567754
Verizon (BA South)	Philadelphia, PA	Rejected	04/05/02 09:21 AM	no doubler case	4/22/2002	1561660
Verizon (BA South)	Philadelphia, PA	Rejected	03/21/02 01:47 PM	NO ILEC Facilities- End User Premise	3/28/2002	1542035
Verizon (BA South)	Baltimore, MD	Rejected	04/16/02 03:01 PM	needing a doubler	4/25/2002	1578776
Verizon (BA South)	Washington, DC	Rejected	03/11/02 02:01 PM	needs MUX	4/10/2002	1527591
Verizon (BA South)	Philadelphia, PA	Rejected	01/14/02 05:01 PM	no facilities available of the F1	1/22/2002	1455909A
Verizon (BA South)	Baltimore, MD	Rejected	03/20/02 03:20 PM	requires 1 or possibly 2 doublers	3/27/2002	1540598
Verizon (BA South)	Washington, DC	Rejected	04/11/02 06:00 PM	NO ILEC Facilities- End User Premise	4/19/2002	1573569
Verizon (BA South)	Philadelphia, PA	Rejected	03/19/02 06:00 AM	no facilities	4/3/2002	1537686
Verizon (BA South)	Washington, DC	Rejected	04/01/02 06:03 AM	no facilities until June 21	4/16/2002	1554228
Verizon (BA South)	Washington, DC	Rejected	04/05/02 05:40 AM	needing fiber or mux	4/25/2002	1561425

Appendix D

Parent Carrier Name	Client Install Order Status	Last Loop Install Order Orig Foc Date	Client Order Cancel Date	Client Order Cancel Reason	Loop Pon	Client State
Verizon (BA North)	Rejected		05/30/02 09:58 AM	No ILEC Facilities- Central Office	1607010	MA
Verizon (BA North)	Rejected		06/24/02 05:22 AM	NO ILEC Facilities- End User Premise	1638626	MA
Verizon (BA North)	Rejected		05/02/02 10:19 AM	No ILEC Facilities- Central Office	1580207	MA
Verizon (BA North)	Rejected			No ILEC Facilities- Central Office	1666898	MA
Verizon (BA North)	Rejected		04/12/02 06:13 AM	No ILEC Facilities- Central Office	1551281	MA
Verizon (BA North)	Rejected		05/03/02 06:07 AM	No ILEC Facilities- Central Office	1577678	MA
Verizon (BA North)	Rejected		04/12/02 06:43 AM	No ILEC Facilities- Central Office	1515616	MA
Verizon (BA North)	Rejected		05/03/02 06:06 AM	No ILEC Facilities- Central Office	1587117	MA
Verizon (BA North)	Rejected		06/13/02 12:59 PM	NO ILEC Facilities- End User Premise	1624909	MA
Verizon (BA North)	Rejected		04/12/02 06:41 AM	No ILEC Facilities- Central Office	1526726	MA
Verizon (BA North)	Rejected		04/17/02 06:02 AM	No ILEC Facilities- Central Office	1573286	MA
Verizon (BA North)	Rejected		06/19/02 12:51 PM	NO ILEC Facilities- End User Premise	1627827	MA
Verizon (BA North)	Rejected			NO ILEC Facilities- End User Premise	1664494	MA
Verizon (BA South)	Rejected			No ILEC Facilities- Central Office	1650998	MD
Verizon (BA South)	Rejected		04/25/02 11:04 AM	NO ILEC Facilities- End User Premise	1578776	MD
Verizon (BA South)	Rejected		07/10/02 07:04 AM	NO ILEC Facilities- End User Premise	1672548	MD
Verizon (BA South)	Rejected		06/21/02 11:05 AM	No ILEC Facilities- Central Office	1649779	MD
Verizon (BA South)	Rejected		04/17/02 06:04 AM	NO ILEC Facilities- End User Premise	1540598	MD
Verizon (BA South)	Rejected		04/25/02 11:02 AM	NO ILEC Facilities- End User Premise	1554192	MD
Verizon (BA South)	Rejected		05/22/02 12:39 PM	NO ILEC Facilities- End User Premise	1561425	MD
Verizon (BA South)	Rejected		05/22/02 05:25 AM	NO ILEC Facilities- End User Premise	1597438	MD
Verizon (BA South)	Rejected		06/19/02 01:05 PM	NO ILEC Facilities- End User Premise	1615492	MD
Verizon (BA South)	Rejected		07/05/02 07:01 AM	No ILEC Facilities- Central Office	1652672	MD
Verizon (BA South)	Rejected		06/26/02 02:02 PM	No ILEC Facilities- Central Office	1653083	MD
Verizon (BA South)	Rejected		07/05/02 07:01 AM	No ILEC Facilities- Central Office	1653783	MD
Verizon (BA South)	Rejected		07/15/02 07:01 AM	NO ILEC Facilities- End User Premise	1661573	MD
Verizon (BA South)	Rejected	03/29/02 12:00 AM	04/18/02 11:02 AM	NO ILEC Facilities- End User Premise	1527591	MD
Verizon (BA South)	Rejected		07/08/02 08:05 AM	NO ILEC Facilities- End User Premise	1667185	NJ
Verizon (BA South)	Rejected			NO ILEC Facilities- End User Premise	1667191	NJ
Verizon (BA South)	Rejected	06/05/02 12:00 AM	06/20/02 06:35 AM	NO ILEC Facilities- End User Premise	1564115	NJ
Verizon (BA South)	Rejected		06/19/02 05:39 AM	NO ILEC Facilities- End User Premise	1646225	NJ
Verizon (BA South)	Rejected		07/01/02 02:03 PM	NO ILEC Facilities- End User Premise	1653973	NJ
Verizon (BA South)	Rejected		07/01/02 07:07 AM	NO ILEC Facilities- End User Premise	1658718	NJ
Verizon (BA North)	Rejected		04/12/02 06:39 AM	No ILEC Facilities- Central Office	1552849	NY
Verizon (BA North)	Rejected		05/02/02 10:34 AM	No ILEC Facilities- Central Office	1578125	NY

Verizon (BA North)	Rejected		05/13/02 11:05 AM	NO ILEC Facilities- End User Premise	1601353	NY
Verizon (BA North)	Rejected		05/30/02 09:54 AM	NO ILEC Facilities- End User Premise	1597551	NY
Verizon (BA North)	Rejected		07/08/02 01:22 PM	No ILEC Facilities- Central Office	1639851	NY
Verizon (BA North)	Rejected		07/08/02 01:19 PM	No ILEC Facilities- Central Office	1608049	NY
Verizon (BA North)	Rejected			No ILEC Facilities- Central Office	1632108	NY
Verizon (BA North)	Rejected		06/24/02 05:19 AM	NO ILEC Facilities- End User Premise	1632908	NY
Verizon (BA North)	Rejected			No ILEC Facilities- Central Office	1667360	NY
Verizon (BA North)	Rejected		06/24/02 05:52 AM	NO ILEC Facilities- End User Premise	1600926	NY
Verizon (BA South)	Rejected		06/06/02 10:54 AM	NO ILEC Facilities- End User Premise	1633697	PA
Verizon (BA South)	Rejected		01/25/02 12:49 PM	No ILEC Facilities- Central Office	1445909	PA
Verizon (BA South)	Rejected		04/22/02 11:04 AM	NO ILEC Facilities- End User Premise	1561660	PA
Verizon (BA South)	Rejected		04/12/02 10:19 AM	NO ILEC Facilities- End User Premise	1537686	PA
Verizon (BA South)	Rejected		04/18/02 02:02 PM	NO ILEC Facilities- End User Premise	1542035	PA
Verizon (BA South)	Rejected		04/16/02 11:03 AM	NO ILEC Facilities- End User Premise	1554228	VA
Verizon (BA South)	Rejected	05/07/02 12:00 AM	05/14/02 08:08 AM	NO ILEC Facilities- End User Premise	1554667	VA
Verizon (BA South)	Rejected	04/04/02 12:00 AM	05/21/02 09:58 AM	NO ILEC Facilities- End User Premise	1530440	VA
Verizon (BA South)	Rejected		07/15/02 01:40 PM	NO ILEC Facilities- End User Premise	1611451	VA
Verizon (BA South)	Rejected		04/18/02 11:03 AM	NO ILEC Facilities- End User Premise	1554318	VA
Verizon (BA South)	Rejected			No ILEC Facilities- Central Office	1649529	VA
Verizon (BA South)	Rejected		04/19/02 11:03 AM	NO ILEC Facilities- End User Premise	1573569	VA
Verizon (BA South)	Rejected		06/20/02 12:59 PM	NO ILEC Facilities- End User Premise	1639096	VA
Verizon (BA South)	Rejected		04/18/02 11:04 AM	NO ILEC Facilities- End User Premise	1567754	VA
TOTAL	**57**					
Verizon (BA South)	Closed	05/13/02 12:00 AM			1554321	DC
Verizon (BA South)	Closed	05/17/02 12:00 AM			1580744	DC
Verizon (BA South)	Closed	05/02/02 12:00 AM			1573565	DC
Verizon (BA South)	Closed	06/20/02 12:00 AM			1623761	DC
Verizon (BA North)	Closed	06/28/02 12:00 AM			1607190	MA
Verizon (BA North)	Closed	06/14/02 12:00 AM			1610934	MA
Verizon (BA North)	Closed	04/26/02 12:00 AM			1547014	MA
Verizon (BA North)	Closed	07/01/02 12:00 AM			1650967	MA
Verizon (BA North)	Closed	04/29/02 12:00 AM			1547003	MA
Verizon (BA North)	Closed	06/13/02 12:00 AM			1617036	MA
Verizon (BA North)	Closed	06/10/02 12:00 AM			1576431	MA
Verizon (BA South)	Closed	02/11/02 12:00 AM			1445906	MD
Verizon (BA South)	Closed	06/19/02 12:00 AM			1580732	MD

Verizon (BA South)	Closed	04/16/02 12:00 AM	1526749	MD
Verizon (BA South)	Closed	06/25/02 12:00 AM	1603782	MD
Verizon (BA South)	Closed	06/26/02 12:00 AM	1613965	MD
Verizon (BA South)	Closed	05/01/02 12:00 AM	1556573	MD
Verizon (BA South)	Closed	04/18/02 12:00 AM	1536145	MD
Verizon (BA South)	Closed	05/21/02 12:00 AM	1590560	MD
Verizon (BA South)	Closed	07/05/02 12:00 AM	1623247	MD
Verizon (BA South)	Closed	06/25/02 12:00 AM	1633689	MD
Verizon (BA South)	Closed	06/26/02 12:00 AM	1590793	MD
Verizon (BA South)	Closed	07/10/02 12:00 AM	1646124	NJ
Verizon (BA South)	Closed	05/21/02 12:00 AM	1574985	NJ
Verizon (BA South)	Closed	02/14/02 12:00 AM	1449763	NJ
Verizon (BA South)	Closed	06/11/02 12:00 AM	1616294	NJ
Verizon (BA South)	Closed	03/28/02 12:00 AM	1541354	NJ
Verizon (BA South)	Closed	03/28/02 12:00 AM	1519367	NJ
Verizon (BA South)	Closed	04/25/02 12:00 AM	1547249	NJ
Verizon (BA South)	Closed	07/03/02 12:00 AM	1624831	NJ
Verizon (BA South)	Closed	07/08/02 12:00 AM	1647653	NJ
Verizon (BA South)	Closed	05/01/02 12:00 AM	1555093	NJ
Verizon (BA North)	Closed	05/13/02 12:00 AM	1560262	NY
Verizon (BA North)	Closed	05/28/02 12:00 AM	1595918	NY
Verizon (BA North)	Closed	06/27/02 12:00 AM	1646830	NY
Verizon (BA North)	Closed	07/02/02 12:00 AM	1654252	NY
Verizon (BA North)	Closed	05/20/02 12:00 AM	1601509	NY
Verizon (BA North)	Closed	05/10/02 12:00 AM	1556818	NY
Verizon (BA North)	Closed	05/01/02 12:00 AM	1555022	NY
Verizon (BA North)	Closed	04/26/02 12:00 AM	1526993	NY
Verizon (BA North)	Closed	06/25/02 12:00 AM	1646829	NY
Verizon (BA North)	Closed	04/17/02 12:00 AM	1542054	NY
Verizon (BA North)	Closed	04/29/02 12:00 AM	1574765	NY
Verizon (BA North)	Closed	05/08/02 12:00 AM	1579388	NY
Verizon (BA North)	Closed	06/11/02 12:00 AM	1628485	NY
Verizon (BA North)	Closed	06/10/02 12:00 AM	1573971	NY
Verizon (BA North)	Closed	05/20/02 12:00 AM	1604020	NY
Verizon (BA South)	Closed	04/25/02 12:00 AM	1547322	PA
Verizon (BA South)	Closed	05/02/02 12:00 AM	1573571	PA
Verizon (BA South)	Closed	06/18/02 12:00 AM	1628848	PA

Verizon (BA South)	Closed	04/01/02 12:00 AM	1521067	PA
Verizon (BA South)	Closed	06/11/02 12:00 AM	1613377	PA
Verizon (BA North)	Closed	03/11/02 12:00 AM	1479152	RI
Verizon (BA South)	Closed	05/21/02 12:00 AM	1574867	VA
Verizon (BA South)	Closed	04/22/02 12:00 AM	1542750	VA
Verizon (BA South)	Closed	05/02/02 12:00 AM	1554474	VA
Verizon (BA South)	Closed	07/05/02 12:00 AM	1596922	VA
Verizon (BA South)	Closed	07/05/02 12:00 AM	1626981	VA
Verizon (BA South)	Closed	07/10/02 12:00 AM	1650984	VA
Verizon (BA South)	Closed	05/08/02 12:00 AM	1579490	VA
Verizon (BA South)	Closed	04/22/02 12:00 AM	1555988	VA
Verizon (BA South)	Closed	04/12/02 12:00 AM	1545680	VA
Verizon (BA South)	Closed	06/06/02 12:00 AM	1591268	VA
Verizon (BA South)	Closed	05/31/02 12:00 AM	1608335	VA
Verizon (BA South)	Closed	07/11/02 12:00 AM	1603336	VA
Verizon (BA South)	Closed	07/09/02 12:00 AM	1644537	VA
Verizon (BA South)	Closed	04/25/02 12:00 AM	1554718	VA
TOTAL	**67**			

% Rejected for No Facilities	**46%**

Appendix E

July 24, 2001

DS1 and DS3 Unbundled Network Elements Policy

A number of carriers have recently expressed concern that Verizon is changing its policies with respect to the construction of new DS1 and DS3 Unbundled Network Elements. This is not the case. To ensure that there is no misunderstanding on this point this letter restates Verizon's policies and practices with respect to the provisioning of unbundled DS1 and DS3 network elements.

In compliance with its obligations under applicable law, Verizon will provide unbundled DS1 and DS3 facilities (loops or IOF) to requesting CLECs where existing facilities are currently available. Conversely, Verizon is not obligated to construct new Unbundled Network Elements where such network facilities have not already been deployed for Verizon's use in providing service to its wholesale and retail customers. This policy, which is entirely consistent with Verizon's obligations under applicable law, is clearly stated in Verizon's relevant state tariffs and the CLEC Handbook, and is reflected in the language of Verizon's various interconnection agreements.

This does not mean that CLECs have no other options for obtaining requested facilities from Verizon.

In areas where Verizon has construction underway to meet anticipated future demand, Verizon's field engineers will provide a due date on CLEC orders for unbundled DS1 and DS3 network elements based on the estimated completion date of that pending job, even though no facilities are immediately available. Rigid adherence to existing policies could dictate that the field engineers reject these orders due to the lack of available facilities; but in an effort to provide a superior level of service, Verizon has chosen not to do so. In such cases, the result is that the order is filled, but the provisioning interval is longer than normal. At the same time, Verizon's wholesale customers should not confuse these discretionary efforts to provide a superior level of service with a perceived *obligation* to construct new facilities.

Moreover, although Verizon has no legal obligation to add DS1/DS3 electronics to available wire or fiber facilities to fill a CLEC order for an unbundled DS1/DS3 network element, Verizon's practice is to fill CLEC orders for unbundled DS1/DS3 network elements as long as the central office common equipment and equipment at end user's location necessary to create a DS1/DS3 facility can be accessed. However, Verizon will reject an order for an unbundled DS1/DS3 network element where (i) it does not have the common equipment in the central office, at the end user's location, or outside plant facility needed to provide a DS1/DS3 network element, or (ii) there is no available wire or fiber facility between the central office and the end user.

Specifically, when Verizon receives an order for an unbundled DS1/DS3 network element, Verizon's Engineering or facility assignment personnel will check to see if existing common equipment in the central office and at the end user's location has spare ports or slots. If there is capacity on this common equipment, operations personnel will perform the cross connection work between the common equipment and the wire or fiber facility running to the end user and

install the appropriate DS1/DS3 cards in the existing multiplexers. They will also correct conditions on an existing copper facility that could impact transmission characteristics. Although they will place a doubler into an existing apparatus case, they will not attach new apparatus cases to copper plant in order to condition the line for DS1 service. At the end user's end of the wire or fiber facility, Verizon will terminate the DS1/DS3 loop in the appropriate Network Interface Device (Smart Jack or Digital Cross Connect (DSX) Panel).

In addition, if Verizon responds to a CLEC request for an unbundled DS1/DS3 network element with a Firm Order Completion date (FOC), indicating that Verizon has spare facilities to complete the service request, and if Verizon subsequently finds that the proposed spare facilities are defective, Verizon will perform the work necessary to clear the defect. In the event that the defect cannot be corrected, resulting in no spare facilities, or if Verizon has indicated that there are spare facilities and Verizon subsequently finds that there are no spare facilities, Verizon will not build new facilities to complete the service request.

Finally, wholesale customers of Verizon, like its retail customers, may request Verizon to provide DS1 and DS3 services pursuant to the applicable state or federal tariffs. While these tariffs also state that Verizon is not obligated to provide service where facilities are not available, Verizon generally will undertake to construct the facilities required to provide service at tariffed rates (including any applicable special construction rates) if the required work is consistent with Verizon's current design practices and construction program. Even in these cases, of course, Verizon must retain the right to manage its construction program on a dynamic basis as necessary to meet both its service obligations and its obligation to manage the business in a fiscally prudent manner.

In summary, although Verizon's policies regarding the construction of new DS1 and DS3 Unbundled Network Elements remain unchanged, Verizon continues to strive to meet the requirements of its wholesale customers for unbundled DS1 and DS3 facilities in a manner that is consistent with the sound management of its business.

If you have any questions regarding Verizon's unbundled DS1/DS3 building practice, you may contact your Account Manager.